I'm so happy to share with you that after nearly two months of negotiation, the City of Rowlett has reached an agreement with Bayside to acquire the property south of IH-30, including the marina, to enable its development with a future partner. Our goal, first and foremost, has been to facilitate development of the land in a manner that optimizes its value to the citizens of Rowlett. This agreement gets us back on track toward this goal.

The agreement enables the City, in partnership with a future development partner, to acquire all of the land south of IH-30, separating it from the development on the north side. This provides a path to achieve the City’s vision, including a destination entertainment district, a world-class marina, a resort and conference center and public amenities such as the Crystal Lagoon and show fountain.

We have been steadfast in upholding our community’s vision for this development. This is a one-of-a-kind property and we must get it right. We are excited to be moving forward in our commitment to develop the unique destination that Rowlett citizens deserve!
The City of Rowlett will not own nor develop the south tract or the marina. Funding for the acquisition will be provided by a future development partner.

City of Rowlett Agreement with Bayside

This is only the crucial first step in a 120-day process.

The agreement includes:
- the acquisition of the 119-acre tract south of IH-30;
- assignment of the Crystal Lagoon license previously purchased by Bayside;
- and a transfer of the marina including rights to 1,005 boat slips.

Over the next 120-days, multiple documents between the City and Bayside as well as between the City and a new development partner must be negotiated, formulated and/or amended. I want to be clear that this agreement is a crucial first step. It will take several months of work before we can close on the land. Some of the documents that need to be negotiated or amended include:
- the tax increment reinvestment zone (TIRZ) to split the north and south tracts;
- a development agreement with a new development partner;
- a hotel/conference center agreement to optimize the ten-year state tax rebate program;
- not to mention approving a myriad of engineering design and construction plans.

The City of Rowlett will not and does not intend to own nor develop the south tract or the marina. During this 120-day process the City will negotiate agreements with a new development partner who shares the City’s vision of an entertainment district with world-class amenities. Funding for this acquisition, including the earnest money, will be paid by that partner. The agreement provides the City a due diligence period prior to closing, and anything can happen during this time. The pending lawsuit between the City and Bayside will only be dismissed if the closing occurs.
Why did the City sue Bayside?
The City and the developer, Bayside, were at odds over the vision for the south tract of the Bayside Project. The south 119-acre parcel was designed to be a destination entertainment venue with world class amenities, including an eight-acre Crystal Lagoon, one-acre show fountain, 1.75 million square feet of commercial space that included mixed use entertainment, restaurants, office and retail, an open-style bench trolley, 45 acres of programmed parks, 4-miles of hike-and-bike trails, and a 500-room resort and conference center. Although both parties agreed to the original vision, in July 2018, Bayside proposed significant changes. After months of discussion, the City and Bayside reached an impasse on the vision. As a result, the City found it necessary to file litigation.

Why is the City settling with Bayside?
The City’s goal, first and foremost, has been to facilitate development of the land in a manner that optimizes its value to the citizens of Rowlett. Recognizing that litigation is very expensive, risky and time-consuming, the City’s strategy was to acquire the 119-acre parcel south of IH-30 and work with a future development partner that would share the City’s vision. Most pressing of all was a time-sensitive commitment from the State of Texas to take advantage of a state 10-year tax rebate program to help build the conference center. The value of those rebates was projected to be over $50 million. As a result, the settlement was deemed to be the best way to achieve the City’s goal.

What are the terms and conditions of the settlement?
The City, through a future development partner, will acquire all the property south of IH-30 and the marina for the price of $37,013,000, and will then convey the land to that future development partner. The City has a 30-day due diligence period to provide a title commitment and review and either accept or reject existing agreements, review marina operating details, conduct inspections and tests, and other sale-related matters. Closing on the transfer of the land will occur by July 8, 2019. On closing, the lawsuit will be dismissed.

What is the schedule to close on the settlement?
The 120-day deadline is July 8, 2019.

Who is the City’s future development partner?
The City of Rowlett will not and does not intend to own nor develop the south tract or the marina.

During the 120-day process the City will negotiate agreements with a future development partner. There are multiple documents that must be negotiated, developed and/or amended between the City and the Bayside parties and between the City and a future development partner. Once all of those agreements are complete, the City will publish its plans and name the new development partner.

Explain why the City is not disclosing the future development partner.
While the City has a future development partner in mind, there are no development agreements in place. Those agreements will be negotiated during the next 120-days. Once that happens, the City will publish its plans and name the new development partner.

Who is paying for the land on the south side?
Funding for the $37,013,000 acquisition price, including the $100,000 in earnest money, will be paid by a future development partner. The price represents a value negotiated between the City and Bayside.

Who will own the south part after this settlement is complete?
The land and marina will be owned by a future development partner.
Will this transaction ensure we see our vision built?
Yes. While projects evolve over time, we are confident that the critical elements of making this location a destination entertainment venue with world-class amenities will be included.

Will there be any changes to the south part as a result of this settlement?
As with any journey, it is possible that there will be appropriate tweaks and adjustments along the way to accommodate the development of this project. What is important is that the City and its future development partner share the same vision of a destination entertainment venue with world-class amenities.

How does this settlement impact Rowlett citizens?
It ensures that the City’s original vision for this site is built. It also avoids costly litigation that could take 5 to 7 years to resolve and provides the opportunity to build the project now rather than some point in the future. It also benefits Rowlett by ensuring that future property and sales tax revenues from this project are not delayed indefinitely.

What are the sewer improvements included in the Settlement Agreement
The original vision for Bayside included approximately $12.5 million for offsite water and sewer improvements, $9.0 million of which was designated for the south part of Bayside and the remaining $3.4 million for the north part of Bayside. The cost of these improvements was to be paid by the Developer (Bayside) and reimbursed through the Tax Increment Reinvestment Zone #2 (TIRZ #2) from future property taxes collected from the Bayside development. The $6.8 million in sewer improvements included in the Settlement Agreement are from the projects designated for the south side. Therefore, the Settlement Agreement provides assurances to Bayside that those projects will be completed as envisioned by the City and/or its future development partner and Bayside will have no further responsibility for the improvements designated for the south parcel. This is part of the bifurcation process between the north and south tracts. The cost of the sewer improvements will be performed by the City and/or its future development partner and will be reimbursed from the property taxes of the TIRZ#2 as originally planned.

Explain “bifurcation”. How does it change our current deal with Bayside?
Bifurcation is simply splitting or dividing the north tract from the south tract. Bayside is currently one 262-acre parcel owned by one developer. Bifurcating the north and the south means that the development of the north will be independent of the south and each property owner will be able to develop under the zoning and agreements specific to their parcels.

Will the south tract still be called Bayside?
No. Although the north tract will retain the Bayside name, the new development on the south tract will not; therefore, we are no longer referring to the south tract as Bayside. Once we close on the property at the end of the 120-days, the new name will be announced.

How does this deal affect leaseholders at the Marina?
This deal will have little to no impact on the leaseholders at the Marina. Essentially, it means changing one landlord for another once the closing occurs. It is a common vision between the City and its future development partner to build a world class marina.

For more information, please visit www.Rowlett.com/FAQ.